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# M&A Field Lab

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Mota-Engil

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## Executive Summary

Mota-Engil's business portfolio, composed primarily by the Construction, Environment & Services and Transport Concessions areas, illustrates the diversification pattern taken by construction companies. Aligned with that, Mota-Engil's strategy is oriented towards internationalization. Both in national and international terms, the strategically relevant segment for mergers and acquisitions is Water and Sewage Treatment due to its growth potential, assuming a scenario of increasing privatization pressure.

The water sector in Portugal is dominated by public entities, namely through *Águas de Portugal*, responsible for the water supply of 88% of the population. A privatization of the sector is expected, given the increasing operational deficits and negative results. Anyhow, the required investments in the network retard the process due to more favorable conditions public entities have access to.

The main global players in the privatized water sector are Veolia Environnement and Suez Environnement. Providing, together, water services to more than 200mln people, one of their target markets for future opportunities is Europe. In this sense, these will constitute the competition to the national players in a privatization scenario of the water sector.

Since 2005, before the acquisition of EFACEC by Tecno Holding SGPS, the former started to sell its participation on municipal water and sewage concessions, as it was the case of *Águas de Cascais S.A.* The rationale behind it is the company's strategic repositioning towards technology solutions. This allows for an acquisition opportunity of Tecno Holding's participation in *Águas da Figueira S.A.*

Going through with this transaction will increase Mota-Engil's share of the water market in Portugal, and put together the national private players of the water and sewage sector, in order to enhance their financial capacity against the large international players in the privatization process.

## Mota-Engil Overview

### Business Portfolio

Mota-Engil's business portfolio is composed by three main business areas: Construction & Engineering, Environment & Services and Transport Concessions and the 37.5% participation at Martifer.

Starting by Construction & Engineering, Mota-Engil acts in four segments: Infrastructures (bridges, dams, highways, expressways, railways, ports, airports, railways, canal and tunnels, sundry infrastructures for environment, health, commerce, and industry areas), buildings, real estate, and specialized sections (such as special foundations and hydraulic concrete). This is the largest business area of the Group, with €1.24bn in revenues (3<sup>rd</sup> Quarter 2009); it represents 79% of the Group's revenues. Compared to the previous year it represents a 17% increase in revenues (€1.06bn in the 3<sup>rd</sup> Quarter of 2008). In terms of margins, the construction segment has an EBITDA Margin of 7.9% in the first nine months of 2009, which represents a slight increase from the 7.7% of the same period of 2008. Regarding Profitability (taken as Net Income/Revenues) this division has a ratio of 2.43% in 2008, which represents an increase from the 1.26% in 2007. The results of the past nine months are mainly due to the positive contribution of the Group's operations in Portugal and Angola (22% and 43% increase, respectively), and the negative results of Eastern Europe, namely due to economic recession and a negative exchange rate evolution.

In terms of international activity, Mota-Engil is present in Portugal, Spain, Africa (Angola, Mozambique, Malawi, Sao Tome and Principe, Cape Verde), Eastern Europe (Romania, Poland, Czech Republic, Hungary and Slovakia), and America (Brazil, USA, Mexico, Peru and Venezuela). In terms of representativeness, the most relevant geographic area is Portugal (and Spain), which represent nearly 70% of the segments assets. Africa and America represent almost

23% of assets, while Eastern Europe represent the remaining 7% of assets in Construction & Engineering.

Regarding Environment & Services, Mota-Engil acts in Water & Sewage Treatment, Urban Solid Waste Management, Logistics (the most important one, representing 50% of the segment's revenues, providing railway transportation and port terminal concessions) and Multi-Services (such as infrastructure maintenance and soil decontamination). In the Water & Sewage Treatment segment, Mota-Engil is present through Indáqua in five municipal concessions in the north of Portugal (Fafe, Feira, Matosinhos, Tirso, Vila do Conde) which supply water for nearly 240,000 people (20% of the privatized water supply market in Portugal, which represents 12% of the total market, or 1.2mln people). Regarding Urban Solid Waste Management, where Mota-Engil is the market leader with 54% market share (computed in terms of revenues of the privatized urban solid waste industry in Portugal), it is responsible for the provision of this service for 3.4mln people. Regarding Logistics, Mota-Engil possesses concessions (through Tertir) for container handling in four of the five major ports in Portugal (Lisbon, Leixões, Aveiro and Setubal ports).

With national presence, this business area accounts for 15% of the group's revenues, or €237mln (3<sup>rd</sup> Quarter 2009). This represents an increase of 11% when compared to 2008 (€214mln in revenues in the 3<sup>rd</sup> Quarter). In terms of EBITDA margin, the Environment & Services segment presents an EBITDA margin of 18.9% in the 3<sup>rd</sup> Quarter of 2009, showing a significant decrease when compared to the 23.4% of the same period of 2008. Nevertheless, profitability in 2008 stayed at 5.51%, representing a growth from the 5.25% in 2007. This evolution was determined by the significant increase of revenue growth of the Water & Sewage Treatment segment (€35.5mln in 2009 compared to €9.4mln in 2008), while all other segments soared (Logistics, Waste Management and Multi-Services dropped by 3%, 3%, and 32%, respectively).

The Transport Concessions segment is composed by motorways (main shareholder of six concessions in Portugal, one in Spain, and one in Mexico), bridges (Lusoponte, with the concession of two road crossings over the Tagus River until 2030), and Suburban Light Rail (MTS). This segment represents 6% of the group's revenues, or €88mln (3<sup>rd</sup> Quarter 2009). When compared to 2008, revenues grew by 5.1% (€83.7mln in the 3<sup>rd</sup> Quarter of 2009). In terms of EBITDA margin, this segment presented a 91% EBITDA margin, which represents an improvement from the 89.9% figure of the same period of 2008. The profitability of this segment was of 0.57% in 2008, while it was of -16.9% in 2007, which was possible due to the increase of revenues (and traffic) in Mota's concessions, with the exception of the *Beira Litoral e Alta* concession, given the decrease in traffic in the trucks segment, when compared to the same period of 2008.

Finally, Mota-Engil also possesses 37.5% participation at Martifer, a multinational group based in Portugal focused on the metal construction and renewable energy areas.

### Strategic Plan

Mota-Engil's strategy has been of organic and inorganic growth. Aside from the growth of already established businesses, this strategy regards diversification and internationalization. The objective of this strategy is to rely less on Construction & Engineering, in order to reduce the volatility of revenues and allow for more stable cash flows. Diversification is the process of search of new businesses which are more attractive (in terms of higher ROE when compared to the core business area, construction). Internationalization is concerned with the international expansion process Mota-Engil is going through. This process focuses on three geographic areas: Central Europe, America and Africa.

Regarding the evolution of diversification and internationalization in the period of analysis (2003 onwards), starting by Construction & Engineering, the entrance of Eastern European countries in the EU boosted their need for infrastructure investments (which had co-investments of EU funds).

In this sense, several works were awarded to Mota-Engil (2004 onwards). This led Mota-Engil to establishing a branch in Romania in 2006. Also in this year, Mota-Engil opened branches in Argelia and Ireland, which have not been of significance for the group up until now. In 2007, the Group integrated a consortium that was part of the short-list of a tender to build and operate two motorway stretches in Hungary, which were finally awarded to the Betonút-Mota-Engil consortium. Also in 2007, Mota-Engil bids for a concession in Mexico through a consortium with four companies (Isolux Corsan Concessiones, Isolux de México, Mota-Engil Concessões de Transportes e ES Concessões, where Mota-Engil has a 26% stake), which was later awarded (project estimated in €179mln for 59km of motorways). Later in 2008, Mota-Engil Polska (the Polish division of Mota-Engil Construction & Engineering) was awarded the construction of a motorway in the city of Skarzyko, a 140mln contract for the Group, to be concluded in December 2010. Also in 2008, Mota-Engil signed a Memorandum of Understanding with the Government of Malawi for several projects, such as the modernization of the Nsanje port and construction of two hydro plants. Also in this country, Mota-Engil is present through highway construction and maintenance (contracts awarded sum up to €100mln). In 2009, Mota-Engil in a consortium with Soares da Costa (where Mota-Engil has a 50% stake), was awarded the requalification of Luanda Bay (project estimated in €130mln, and expected to take 24 months). Mota-Engil presents an ROE of 14.7% in this industry (heavy construction - 2008).

Regarding Environment & Services, the significant segments in terms of diversification are Logistics and Waste. In the period of analysis, in 2009, Mota-Engil was awarded the concession of the Paita port in Peru (through a consortium where the Group has a 50% stake, being the project of €87mln, with a 30 year concession period). Also in 2009, Mota-Engil announced the acquisition of a 50% participation of a urban solid waste management company in Brazil. Regarding Transport Concessions, in 2003 a tender for two motorway concession in Greece was initiated (Elefsina-Corinth-Patra road and the South Section of Ionian Road and Maliakos), but

was later on not awarded to Mota-Engil. The same happened to a motorway concession in Ireland in 2004 (N8 Rathcormac-Fermoy Bypass). These concessions were later granted to the Greek and Irish National Road Authorities. In 2008, Mota-Engil signed a signed a 30-year concession contract (through a consortium where it has a 20% stake) to execute the project, build, finance, operate and maintain five sections of the D1 motorway in Slovakia (being the estimated investment of €3.3bn and the extension of the project of 75km, including 168 bridges with a total length of 33.5 Km and 4 tunnels with a total length of 7.3 Km - consortium composed by: Bouygues Travaux Publics SA, DTP Terrassement SA, Colas SA, Mota Engil SGPS SA, Intertoll-EuropeZrt Doprastav a.s., Vahostav-SK a.s., and Meridiam Infrastructure Finance SARL – construction companies). Finally, in 2009, Mota-Engil was awarded the concession of Marechal Rondon Leste road (through Ascendi) in the State of São Paulo, Brazil (corresponding to a €780mln investment). As previously mentioned, Construction & Engineering represents 79% of Mota-Engil's revenues, and 30% of its total revenues have their origin abroad. In terms of growth in the recent past (2006 until the 3<sup>rd</sup> Quarter of 2009), Mota-Engil has had revenue growth rates ranging from -5% and 33% annually (going from €1.38bn to €1.56bn),

The past evolution illustrates that the Group's diversification generally occurs through services where Mota-Engil has an initial participation or acquires a company, and in countries with a presence in its core area, Construction & Engineering. From the previous analysis, the Group's internationalization has been following its target regions (America, Africa, and Central Europe – Eastern Europe to be more precise).

Comparing Mota-Engil's performance, while attaining its strategic goals of diversification and internationalization, with similar national construction companies, it is possible to withdraw some conclusions. The following paragraphs describe peer group companies (Teixeira Duarte, Soares da Costa and Somague) in terms of strategy.

Teixeira Duarte, has also followed a diversification and internationalization strategy, growing organically and inorganically, but to different business areas. In this sense, this company's



business portfolio is composed of Construction & Engineering (representing nearly 54% of revenues on the 3<sup>rd</sup> Quarter of 2009), Cement, Concrete and Aggregates (1%), Concessions (4%), Food Training (8%), Fuel Trading (8%), and Sale of Vehicles (10%). In terms of international activity, Teixeira Duarte is present in Portugal, Angola (both responsible for nearly 30% of revenues each), Algeria, Brazil, Ukraine, Spain, Mozambique, Morocco, and Venezuela. In this manner, this company has focused on Europe, Latin America and Africa as its expansion areas. Regarding Teixeira Duarte's growth, its revenues have been growing around 24% and 36% annually (from 2006 until the 3<sup>rd</sup> Quarter of 2009, going from €444.4mIn to €910mIn).

Soares da Costa, with a diversification strategy towards sectors correlated to construction (real estate, and participation in concessions and in industrial solutions as carpentry and electro-mechanics). Internationally, Soares da Costa is in Portugal, USA, Angola (the most important foreign market, with 36.6% of revenues in 2008), Mozambique and Romania (49.9% of this company's revenues came from abroad on the 3<sup>rd</sup> Quarter of 2009). On the other hand, in terms of diversification, the company's business portfolio is composed by Construction (58% of revenues on 3<sup>rd</sup> Quarter of 2009), Concessions (30%), Real Estate (8%), and Industry (3%). Regarding its growth rates, revenues grew between from -2% to 52% annually (from €553.8mIn in 2006 to €834.8mIn in 2008).

Somague's business portfolio is composed by Construction (representing 99.8% of revenues on the 3<sup>rd</sup> Quarter of 2009), Environment (Water Treatment concessions and Waste Management), and Real Estate (representing together .2% of revenues). It is present in Portugal, Spain, Ireland, Angola and Cape Verde, with 30% of its revenues coming from abroad. Financially, in the analyzed period, revenue growth ranged from -11% and 10% (from €746mIn in 2005 to €700mIn in 2008). Annual revenue growth ranged between -11% and 10% (from €746mIn in 2006 to €700mIn in 2008).

In conclusion, Mota-Engil is not the best performer in terms of diversification or internationalization. While Teixeira Duarte and Soares da Costa have nearly 50-60% of revenues originated in Construction, Mota-Engil has 79%. In terms of internationalization, while Teixeira Duarte and Soares da Costa have nearly between 50-70% of their revenues coming from abroad, Mota-Engil has 30% of its revenues coming from abroad, which Somague is similar. Furthermore, diversification and internationalization has significant positive impacts on companies' financials. Volatility of Revenues decreases, given that the company increases the contribution of non-correlated services and other economies that are not subject to the same trends and macro-economic shocks, turning revenues into a smoother stream. This is shown by Mota-Engil and Somague. The higher reliance of these two companies on Construction & Engineering and on the Portuguese market makes its revenues more volatile than Teixeira Duarte's and Soares da Costa's (dispersity of growth rates in the period of 2006-2008).

## Financial Position

In order to evaluate Mota-Engil's financial situation, a ratio analysis for the recent past follows (2006-2008), which evaluates the Group's profitability, performance, liquidity and solvency in the last few years. For a peer group of companies, a comparative analysis can point out conclusions about Mota-Engil.

Starting with margins, the Group's EBITDA margin (EBITDA/Revenues) has been increasing, going from 10.4% in 2006 to 15.86% in 2008, translating a significant increase in operational profitability. Another measure of profitability, Return On Equity (Net Income/Equity), which measures profit generated in terms of how much shareholders have invested, has been unstable but rising in the period of analysis (8.96% in 2006, 25.21% in 2007, and 10.6% in 2008). In terms of performance, as measured by the Cash-Flow-to Revenue ratio (CFO/Revenue), Mota-Engil's situation has been deteriorating (from 13.99% in 2006 to 11.39% in 2008), which means that the amount of operating cash flow generated for each dollar of revenue has been declining. The

liquidity situation, the capacity to pay for its short-term liabilities, measured by the Current Ratio (Current Assets/Current Liabilities) has been deteriorating, given that this figure has been declining (from 1.18 in 2006 to .99 in 2008). Anyhow, since it is still close to 1, the Group will not face liquidity problems in the near future. In terms of solvency, measured by the Financial Leverage Ratio, it has been increasing significantly (from 5.7 in 2006 to 10.9 in 2008), which points to an increased leverage and financial risk due to the consequent increase in indebtedness that this increase highlights. In order for this analysis to be complete, figures for 2008 are presented for Mota-Engil's peer group: Teixeira Duarte, Soares da Costa and Somague.

Compared to the industry average (computed with the figures of Mota-Engil and of the peer group, arithmetic averages), appears as the best performer in terms of EBITDA margin (15.86% against 7.95%), Cash-Flow-to Revenue (11.39% against 5.62%), and Return on Equity (8.96% against 6.84%). On the other hand, Mota-Engil performs worse than average in terms of liquidity (.99 against .97) and solvency (1.08 against 8.06).

## Industry Analysis

### Construction

The construction industry constitutes a large part of a country's GDP (in general between 10% and 15%, also in the countries Mota-Engil is active in). Since this industry is highly driven by macroeconomic factors, in the past year (until the 3<sup>rd</sup> Quarter of 2009) it has experienced negative output growth rates throughout Europe. In Portugal, with a total construction volume of €24.2bn (2008), the industry has five main players: Mota-Engil, Teixeira Duarte, Soares da Costa, Somague and Edifer, being Mota-Engil the largest (in terms of revenues). For the near future, €56bn of investments in the Vast National Infrastructure Program will highly influence the evolution of the industry. The most significant projects are the TGV (€7.6bn), motorways (€7.2bn), and the new Lisbon Airport (€3.1bn).

The Eastern European markets (Hungary, Romania, Czech Republic, Poland and Slovakia) were also affected by the macroeconomic environment and had negative output growth rates in the past three quarters. These markets have followed a common trend since the entrance in the European Union: high investments in infrastructures, with a focus on transportation. The most significant are: Romanian Ministry of Infrastructures forecasts €14bn in investments for the transportation infrastructures as motorways, railways, airports and ports. Hungary's Ministry of Economy and Transport plans to award 15 road section projects until 2015. Regarding the most representative market outside of Europe, Angola, Mota-Engil's performance seems weak when compared to competitors. The industry represents only 4% of GDP and, for 2008, total industry volume was €42.5bn, which represents a growth of 31.2% compared to 2007. Further growth is expected in the near future due to GDP growth. This is a very concentrated market, given the number and diverse size when it comes to competition. Synohydro, CRBC and CMEC appear as the main players (with the largest portfolios in terms of infrastructures construction); while Mota-Engil has a negligible part of the infrastructure projects (less than 1% according to the Ministry of Infrastructures of Angola and the scheduled projects portfolio). Another €3bn are scheduled for motorway construction. Other projects include airport reconstruction, new ports and bridges, water and sewage network. Anyhow, Angola appears as the focus of attention for many companies. For instance, Synohydro, a China-based company has invested over USD2.4bn until 2009 in the country, in order to take advantage of project opportunities. Until mid-2008, this company had a construction portfolio of USD1.2bn in the country.

Mota-Engil's small presence and investment in these regions constitutes an obstacle when taking advantage of the future opportunities that arise. In conclusion, Mota-Engil's odds of obtaining new projects are higher in Portugal, given its higher investment in this market, while the other markets it is active in has a higher number and diversity of players whose strategy is more oriented towards them (implying higher investments in these markets and a consequent larger portfolio).

## Environment & Services

### Water & Sewage

#### Characteristics

The Portuguese water treatment market is displayed in two segments: high and low. The “high one”, regards the caption and treatment of water, while the low one, regards the distribution of water to the final consumer. In terms of revenues, the tariffs charged are regulated by IRAR. From the revenues collected from the final consumer, the distributors (low) pay for the treatment and caption concessionaires (high).

The sewage market has only one segment, which regards caption, treatment, and abduction. There are two concession systems in Portugal for water treatment and sewage treatment: multi-municipal and municipal. The multi-municipal, has only public entities in their capital structures (basically *Águas de Portugal*, or AdP, and the corresponding municipalities to which the service is provided). On the other hand, municipal concession systems, has private entities as their shareholders (mainly through DST/ABB -Aquapor-, Indáqua, AGS, and Veolia Água –CGEP).

Water treatment presented in 2008 a total business volume of 151 million m<sup>3</sup> for water (including both water supply and sewage, representing a decrease of -.3% compared to 2007). This sector is mainly driven by inflation. Revenues in this industry arise from the total volume of water provided to users, and total volume of sewage captured from users. In this sense, total revenue of this business was of €534mln in 2008 (multi-municipal and municipal water systems).

The Water & Sewage sector in European countries have been going through a privatization process. In Portugal, the percentage of population whose water supply and sewage services are provided by private or public-private entities is of 12%, while this figure is much higher in other countries (52% in Spain, 72% in France, and 89% in the UK).

The privatization in Portugal is predicted to happen in the future. The financial situation of the main public entity, AdP, points in that direction. The increasing operational inefficiencies result in

ever increasing “tariff deficits” (*Desvios Tarifários*), which sum up to €100mIn in 2008 As stated in AdP’s Management Report 2008, these tariff deficits result from the fact that tariffs charged are lower than required to cover operational costs.

The main disadvantage of privatization is the cease of benefits from the EU. For instance, the investment plan of €3.8bn predicted for the near future by PEAASAR II plan. The projects under this plan generally regard a financial structure where 70% of the investment required is financed by the EU funds, while the other 30% is financed by AdP (the so called Investment Subsidies, or *Subsídios ao Investimento*). Anyhow, these 30% are contracted by EIB (European Investment Bank), which offers very favorable conditions, such as, lower interest rates than normal financial institutions practice and longer contract periods. Comparing to the financing possibilities of private companies (the case of the municipal systems), where 75% of the financing amount must be contracted between the company and banks and only 25% is financed by the municipal entity, privatization of the water sector in Portugal does not seem a good opportunity in the present.

Some lessons can be withdrawn from the privatization process in the UK. In this country, the process started in 1989 through divestiture of the ten public regional water and sewage companies. At the same time, OFWAT (Office of Water Services – the regulator of the water and sewage services in England and Wales) was created. According to the World Bank Report, the privatization process increased tariffs in real terms by 46% (mainly due to higher operational costs to achieve higher water quality and increase of 8.7bn British Pounds in investment in the six years right after the process was initiated), debt was wrote off (because privatization was done on favorable terms to shareholders). A higher quality of water was achieved and more transparent tariffs were charged due to the new regulatory model.

In many countries, including Spain and France, the increase in private participation in former state-owned natural monopolies was due to the operational inefficiencies (as it is the case of the water sector in Portugal, with *Desvios Tarifários*). The solution found was to leave these

industries to private parties, but keep regulation against abuse of monopoly power (as through OFWAT in the UK).

### Main Players

In terms of players, this industry has 61 concession systems. In water treatment, there are multi-municipal systems (33 – from which 19 are in water treatment and 14 in sewage treatment), controlled by AdP, and municipal systems (28 – from which 26 are in water treatment and 2 in sewage treatment), controlled mainly by AdP, DST/ABB (the consortium that bought Aquapor), AGS, Veolia and Indáqua. Considering market shares in terms of revenues of 2008, AdP is the one with the highest market share, 70%, regarding the multi-municipal segment. DST/ABB has 17.2% market share, AGS has 5.1%, Veolia Água has 4.6%, and Indáqua has 2.7%. Further details on these players are in the M&A Opportunity section.

In terms of recent M&A operations, Aquapor was sold by AdP in 2008; AdP has been refocusing its strategy towards multi-municipal water systems and the high level of the water network. In this sense, as Aquapor does not fit this standard, it was sold.

In conclusion, the privatized market of water in Portugal is small and fragmented. Assuming a scenario of future privatization of this sector, this fragmentation may become a disadvantage for Mota-Engil against world-size players as Suez Environnement and Veolia (whose core business is privatized water sector), mainly because of the smaller financial capacity of the national players.

### Key Success Factors

In order to be awarded the highest number of concessions, two factors are relevant: the financing capacity to arrange the necessary amounts for tendering and the required technology to provide the necessary water quality levels.

### Trends & Growth Opportunities

For the near future, Mota-Engil intends to expand its activity internationally (to Angola, where a memorandum was signed with bank BPA for water and sewage concessions and to Eastern Europe through Ekosrodowisco, a Poland-based start-up). Nationally, the only possibilities of growth are in the municipal systems through the acquisition of shareholders' capital, given that multi-municipal systems are still public. More opportunities will arise in a scenario of privatization of the multi-municipal water systems in Portugal. Assuming that it will be a process open to international bids, the key success factors are negotiation and financial power, in order to provide the best reasoning and best possible offer for the tenders. In this sense, Mota-Engil, as a national small player with only 2.7% of the water market, seems in disadvantage against global players like Suez Environnement and Veolia Environnement, both in financial and technological terms.

### Urban Solid Waste Management

The solid waste management industry has a value chain that is composed by the collection and treatment of waste. In Portugal, nearly 4.5mln tons of urban solid waste were collected and treated in 2008, which represent a total industry volume of €2.8bn per year. This industry's revenue is driven by GDP growth and is composed private and public entities. These entities are in charge of municipal and multimunicipal systems. The multimunicipal systems are controlled by public entities (EGF, AdP and local authorities, the so called *autarquias*), while the municipal concessions are controlled by two private companies: Focsa and Zagope. In this sense, only 40% of the national solid waste management sector is privatized. It is in the privatized sector that Suma acts, providing solid waste collection services to nearly 2.2mln people and solid waste management to nearly 1.3mln people. The factors that influence the increase of private companies in the industry are: the inefficiencies of public entities in managing these services, and the increase of environmental awareness. Anyhow, in the Portuguese market there is not foreseeable privatization of the multimunicipal systems and, therefore, only organic growth can



increase Suma's presence. It is important to notice that this sector is highly dependent on efficiency (being able to collect and treat solid waste at the lowest possible price) and also technology. In this sense, the strong presence of Mota-Engil in this company's shareholder structure is the competitive advantage against the current competitors, public entities.

### Logistics

Portugal has along its coast five main ports: Leixões, Aveiro, Lisboa, Setúbal and Sines. Mota-Engil has concessions of four of these ports' containers terminals, namely in Lisboa, Aveiro, Lisboa and Sines. The other major port's container terminals, Setúbal is under concession to Dragados SPL.

In this segment, the recent acquisition of Tertir and the participation at Tersado, Sadoport and CargoRail/Takargo indicates towards a strategy of integration among the logistics sector and the transportation sector.

Dragados SPL is company from the Spanish ACS Group, with a business portfolio similar to Mota-Engil: Construction, Concessions, Industrial Services and Environment. It is in this last division that the logistics segment is included. This company is the leader in container terminals in Spain, and is also active in Latin America (Chile, Brasil and Dominican Republic, with one terminal concession each) and Asia (China, with one port terminal concession, Jing Tang). Its strategy is oriented. In 2008, the company has initiated its activity in a port container terminal in India (Bombay). This is the reflection of a internationalization strategy. Portugal does not appear as one of their target markets, given the reduced number of adjudications in the last years (2002-2009).

In conclusion, the competitive advantage of Mota-Engil in Portugal is its strategy guided to a vertical integration of the transportation of containers, allowing better practices than competition in the national market.

In terms of future growth, Mota-Engil has agreed with the port's authority to increase the Lisbon port container terminal capacity (which implies €220mIn in capital expenditure) and the extension of the concession until 2042.

## Transport Concessions

### Characteristics

The transport concessions relevant for Mota-Engil are located in Portugal (with the exception of one concession in Mexico, one in Spain, and, more recently, one in Brazil). The Portuguese market is composed by three main segments: tolled-, and shadow-tolled roads, a total of 20 concessions, summing up to 3,657km. The revenues of this sector are driven by traffic, which is driven nominal GDP. In the case of tolled-roads, it is the user that pays a fee depending on both the mileage and the type of vehicle, while in the case of shadow-tolls the state pays a fixed amount per vehicle to the concessionaire. In 2008, due to unfavorable macro-economic environment and high oil prices, traffic and, therefore, revenues increased slightly (by approximately 1.2%, near to inflation levels). The tolled-road segment presented total revenue of €1.2bn in 2008, which shows a slight increase of 1.2% (near to inflation) from 2007, where total revenues in 2007 were of €1.25bn. Regarding the shadow-tolls segment, it presented total revenue of €432.9mIn in 2008, translating a 1.1% increase from 2007, when total revenues were €428.2mIn.

### Main Players

The tolled-roads segment has as main players Brisa (with four concessions) and Ascendi (with three concessions). In terms of motorway kilometers, Brisa is the market leader with 84% market share (computed in terms of the 1,808km under tolled concession in Portugal), followed by Ascendi with 14%. Regarding shadow-tolls, the main players are Acendi, with three concessions, representing 36.8% market share (computed in terms of the 918km of shadow-tolled roads) and Cintra (with two concessions, representing 26.8% market share).

Brisa is a company whose strategy is specialized in the construction and concession of tolled-roads. In Portugal it has six motorway concessions, while internationally, only two (CCR in Brazil and NWP in Colorado). In terms of revenues, since 2004 this figure has been increasing and has reached a value of €686mln in 2008 (6% increase from 2007). Anyhow, EBITDA margin has suffered a slight decrease in the period, going from 64% in 2004 to nearly 70% in 2008. In the near future, three of their six national concessions will open fully: *Douro Litoral*, in 2011, *Litoral Oeste*, in 2012, and *Baixo Tejo*, also in 2012. This will give rise to further revenue increases (aside from the increased derived from its driver, traffic).

Cintra, a Spain-based company, present in Spain (eight concessions), Portugal (three concessions), Ireland (two concessions), Greece (two concessions), USA (three concessions) and Chile (five concessions). Strategically, Cintra has been more successful than Brisa, given that in 2009 two new contracts were signed: one for Poland (A1), and one in the USA (Texas Corridor Project).

In conclusion, both Mota-Engil and Brisa have been less successful in their international expansion strategies than Cintra. Another important fact is that the financial capacity of Cintra also seems higher (by being involved in more tenders, in different countries and in terms of value).

#### Key Success Factors

The key success factor of this sector arises in the tendering process. In order to surpass the negotiation process, the consortium with the best offer is granted the concession. Therefore, knowledge of the key players is required, in order to build consortia with negotiation and financial power. In this manner, internationally, an initial presence through another sector (as it is the case of construction with Mota-Engil) allows the company to establish themselves in the target market, and acquire the knowledge and the contacts needed in order to build consortia, increasing negotiation and financial power.

### Competitive Advantage

Nationally, the competitive advantage of Ascendi against competition is strategic: Brisa specializes in tolled-roads, while Ascendi has concessions both in tolled- and shadow-toll roads. When comparing Ascendi with the construction companies, Teixeira Duarte, Soares da Costa and Edifer, the fact that the first one is a consortium already gives it financial and negotiation power by being more experienced in the sector.

Internationally, from the past experience of Mota-Engil, the previous presence in the target expansion country through the Construction segment was relevant. For instance, both the concessions in Ireland and Greece (countries where Mota-Engil was not established at the time) did not go forward. As previously mentioned, these concessions went to entities with more expertise in these markets (the Greek and Irish National Road Authorities in the Greek and Irish cases). On the other hand, countries as Brazil, Hungary (consortium with a local construction company called Betonut) and Slovakia, where they were initially present through construction, and where the Group tendered for concessions which were later on awarded to Mota-Engil, indicates that it is necessary to acquire market knowledge and contacts in order to ally with the right companies to build a consortium and tender.

### Trends & Growth Opportunities

For the near future, Mota-Engil intends to grow organically through green fields, meaning that the group will participate in tenders for green field tolled road concessions around the world (with Eastern Europe, Brazil and Mexico as main targets). Anyhow, the most tangible tenders in the near future are located in Portugal. Until the end of the first semester of 2010, four new concessions will be awarded by *Estradas de Portugal* (regarding 800km of roads): *Concessão Serra da Estrela*, *Concessão Vouga*, *Concessão Tejo Internacional* e *Concessão Ribatejo*. Most of the roads of these concessions, 60%, must be rebuilt, while the remaining, 40%, are green fields. Recently Brisa has decided to abandon the competition for the four new concessions to be

awarded in early 2010, claiming it is a natural market for the construction companies. The reason behind this is that these future concessions are not tolled, meaning that they do not fit the profile desired by Brisa. Ascendi possess the required features to succeed while tendering for these concessions: the market leader, with a shareholder structure composed majorly by Mota-Engil and ES Concessions (from BES Group), with expertise on shadow-tolls.

## M&A Opportunity

### Proposed M&A transaction

Mota-Engil acquires EFACEC's participation on the municipal concession of *Águas da Figueira S.A.* This is a concession responsible for the high and low levels of water network, and for sewage caption, treatment and abduction of *Figueira da Foz*, providing water and sewage services to 39,930 clients. In addition, this concession is responsible for the conception and construction of infrastructures necessary for its activity (project finance model of financing investments). The period of concession goes from 1999 to 2029. According to *Diário da República* of 23.03.1999, that regards the society's creation, article 5<sup>th</sup> states that *Águas da Figueira S.A.* is an anonymous commercial society, with equity of €1.5mln created on February 18<sup>th</sup> 1999, whose current shareholders are: DST/ABB (40% of society's equity), AGS (40%) and EFACEC (20%). Society's equity is composed of 300,000 nominal shares, with nominal value of 5€ each. Therefore, the transaction regards 60,000 stocks, with nominal value of €5. The offered price per share is €4.71.

According to CMVM code (*Código dos Valores Mobiliários*), article 110<sup>th</sup>, this proposal constitutes a private proposal in the sense that it is directed only to qualified shareholders (against public proposal, where the proposal is posted to undetermined shareholders). AGS, DST/ABB and EFECAC are considered qualified shareholders by article 110th-A of the same code (and, therefore, are not regulated by CMVM).

### Conditions of the transaction

Regarding the conditions of the transaction, the number of shares acquired is 60,000. These are currently owned by EFACEC S.A. According to the Concession Contract of *Águas da Figueira* S.A., the NPV to shareholders is of €5,921,024. Net debt reached a value of €4,508,825 in 2008. Therefore, the equity value is €1,412,199 and the intended 20% participation (60,000 shares) corresponds to an equity value of €282,439.8. This is equivalent to a price per share of €4.71.

The referred amount is paid in cash. Mota-Engil will issue 30,000 bonds, through a private offer. Each bond has a nominal value of €10, equivalent to a total amount of €300,000. The payment by investors occurs at the subscription date. The interest rate charged is variable, and equal to the reference Euribor 6M rate plus a spread (assumption: Euribor 6M equals 1%, spread equals 2%), assuming that interest is paid once a year, at the subscription date. The accrual interest starts at the subscription date. The time frame of this emission is 5 years, starting at the subscription date, while the Nominal Value is paid at the end of the fifth year (unless any clause for premature payment of the Nominal Value is included in the contract, as a put option for example).

### Legal Process

According to CMVM, this is considered a private proposal. Therefore, this transaction must be presented through written document to the shareholders of *Águas da Figueira* S.A., DST/ABB, AGS and EFACEC.

According to the *Diário da República* of 23.03.1999, article 5<sup>th</sup>, the transmission of stocks through sale must be notified to the Board of Administration through written document, indicating the elements of the transaction: quantity of stocks to be transacted, the unit price of each stock, the identity of the seller, and, if necessary, the payment conditions, the warranties offered by both parties of the transaction. After this document is received, the Board has a 45 day time period to state its decision regarding the consent of sale of the specific shareholder's stock. Assuming the

Board allows for the sale of these stocks, the other shareholders can use their preference right, regarding the acquisition of these stocks. A time period of 60 days is reserved for the other shareholders to announce a decision on that matter. Assuming that the other shareholders do not use this right, the acquisition of EFACEC's participation on *Águas da Figueira* goes forward.

### **Rationale for transaction**

The rationale for Mota-Engil in this transaction is that the only expansion opportunities in the Portuguese water and sewage sector are in the municipal concessions systems, which is privatized.

Aside from Mota-Engil, the key players in this transaction are DST/ABB, AGS, EFACEC, and Veolia Água (CGEP). From those companies, EFACEC is leaving the business of water and sewage concessions (as it started in 2005 by the alienation of its participation in *Águas de Cascais*), since it is not considered strategic for the Group. Since 2006, the acquisition of this company by José de Mello SGPS, S.A., and Têxtil Manuel Gonçalves, S.A., through Tecnoholding, SGPS, S.A, EFACEC has been refocusing its activity towards its core business, electricity (energy solutions, engineering solutions and services). EFACEC's strategy is oriented towards internationalization and replication of its core business areas abroad. It is present in 65 countries already, even if in very small scale through a delegation office. Target regions for replication of their business model are: USA, Latin America, Central Europe, Africa and Spain. In this sense, it took EFACEC took part in some transactions in the recent past, being the most relevant: in 2007, the acquisition of ACS – Advanced Control Systems, an engineering company in the State of Atlanta (USA), the construction of a facility in Atlanta for the building of electric equipment (construction initiated in 2008), the acquisition of Energy Service in Brasil, and the signing of a memorandum with Constrols & Switchgear, an Indian company, to develop projects in medium voltage equipment. In 2008, the most relevant fact was the inauguration of the second facility of Bauen Efacec in Cordoba, Argentina. In conclusion, Efacec has not been active in the

water sector in Portugal due to the strategic refocus, meaning that it does not seem an appealing sector for the company.

On the other hand, DST/ABB, AGS and Indáqua wish to gain market power in the water and sewage sector. DST/ABB is a consortium built to acquire Aquapor, which is composed by Domingos da Silva Teixeira S.A. and Alexandre Barbosa Borges S.A., two small national business groups. DST is a diversified Group in Construction and Engineering, Business Setting, Water and Sewage , Renewable Energies, Telecommunications, R&D. This company had in 2008 a total sales volume of €150mln and a turnover of €100mln. ABB is a company with a business portfolio composed of Construction, Real Estate and Ledgers and Ornamental Rocks. In addition, it has participation in *Águas de Barcelos*, Geswater and Aquapor (through the consortium).

In 2008, this consortium offered a higher value for Aquapor than competition (€62.9mln against nearly €50mln presented by both competitors, Edifer/Cofihold and Tomás de Oliverira Group). Through statements, one of DST/ABB's goals is to become the greatest player in the water sector in Portugal, by tendering for all privatization processes in Portugal, aiming to succeed in 30% of the cases.

Finally, AGS is Somague's company devoted to the management, operation and maintenance of water and sewage infrastructures under concession regime. As the national leader of the privatized water sector, it provides its services to 330,000 clients (corresponding to 845,000 people in water supply and 1.68mln people in sewage). The other player, Veolia ÁGUA, is Veolia's subsidiary in Portugal, which operates in four municipal concessions.

As previously stated, the privatized water market in Portugal is fragmented, which becomes an obstacle against world players, namely Suez Environnement and Veolia, whose core business is the water and sewage treatment sector.



After the transaction is approved by the Board of Administration of *Águas da Figueira S.A.*, the current shareholders (AGS and DST/ABB) can use their priority right in order to acquire themselves the shares. The acquisition of EFACEC's participation by Mota-Engil in AdF is the beginning of the construction of a relationship for the future privatization process, to create financial power against foreign bidders.

The world's privatized water sector has as most relevant players: Veolia Environnement and Suez Environnement. Veolia Environment, the largest company in the privatized water sector conducts its activity in four segments: Water, Energy Services, Environmental Services and Transportation. Regarding its water division (its core business, representing 33% of revenues in 2008), the group currently provides water and sewage services to 80.4mln people and 58.5mln people, respectively, managing more than 4,400 concession contracts. With origin in France, Veolia Water is also present in 63 other countries, in five continents. In addition, the 150 years of experience in the business justifies Veolia's concern in developing its technical expertise in this industry, they consider very competitive due to the tightening of environmental standards. In terms of revenues, in 2008, the company presented €12.5bn revenues for the water division alone (being Europe the most important geographic division, with €8.6bn of revenues of this division, or 69%). When it comes to the group's strategy, Veolia intends to continue its global expansion strategy due to a key factor: the growth in acceptance of public-private partnerships instead of public management of the water resources. In 2008, Veolia reported an increase in revenue of 14.9%, which is due to contract renewal in France, but also due to new concession contracts in Europe (France, Poland, Portugal –Mafra-, Ireland), Asia-Pacific (China, India, Australia), America (Brazil, Equatorial Guinea), Middle East (U.A.E., Saudi Arabia, Qatar). In conclusion, Veolia has an aggressive expansion strategy, and its presence in Portugal through four municipal concessions (Mafra, Ourém, *Águas de Valongo* and *Águas de Paredes*) indicates

interest in the Portuguese market. In this sense, this small presence may represent a toe hold in order to take advantage of future opportunities of privatization of the water sector.

Suez Environnement, the second largest players in the world, is active in this industry since 1974. In 2008, it presented €6bn of revenues for the water division (which represents 48% of total revenues). The group supplies 76mln people with water and 44mln people with sewage services, reaching 3,200 concession contracts last year. Currently active in 30 countries, in four continents, the most important geographic area is Europe, with 77% of its revenues. Regarding its strategy, it also presents an aggressive expansion strategy. In the last few years (2006-2008) it took part in significant acquisitions: in 2008, spending €708mln in the public tender offer for Águas de Barcelona, which was later, awarded and made Suez the number one player in the water and sewage sectors in Spain. Aside from that, €135.4mln were spent in acquisitions in the water sector in Europe, and €271mln in its international activity (water, sewage and waste segments). In 2007, €176.5mln were spent in the water sector in Europe and €67.6mln in the international activity. Suez's expansion strategy is based on a key assumption as Veolia: the fact that opportunities will arise due to the increased delegation of former public services to the private sector. In this sense, it is possible that this company will be present with tender offers in Portugal.

In conclusion, both these players possess the required key success factors in a global perspective. Comparing the national private players with the Suez Environnement and Veolia Environment, national players are really small and lack expertise in the sector, because of the lack of transactions in order to expand their activity and to replicate their business model. The expansion strategies of these two players is aggressive with the aim of controlling the private water market, with a basis on Europe. The possible foreseeable implications are that during privatization and open international tender offers, the national players will not be able to compete in terms of financial and negotiation power (regarding the technological expertise these players have).

## Estimated Impacts of the Transaction

In terms of Mota-Engil's objective to increase market share in the water sector, AdF will increase by 39,930 the number of clients to which services are provided. Therefore, the Group's market share will increase by .4%.

In terms of synergies, three types are to be considered: operational synergies (related to revenue enhancement and cost reduction associated with the implementation of the best available practices among both the acquirer and the other shareholders), and financial synergies (related to the possibility of decreasing the credit risk of one of the company's, or its volatility of cash flows, and reduce its cost of debt and equity). Given that Mota-Engil will buy EFACEC's participation at AdF, a minority participation, and, in this manner, will not have any managerial control over the target company, there is no space for implementing the best practices among shareholders, meaning that there will not be any operational synergies in this transaction. The same principle applies for financial synergies, given that the companies will not become one, the possibilities of reducing one company's credit risk or cash flow volatility is diminished. The important synergy of this transaction is strategic. Assuming the perspective of privatization in the future, in order to be able to tackle the largest players, Suez Environnement and Veolia Água, the private, smaller national players will not have financial magnitude. In this sense, starting to establish a relationship through AdF's shareholder structure is the start for a future national consortium to take advantage of the myriad of privatization opportunities.

This transaction will have implications on Mota-Engil. Assuming that the company will not have control of this concession, but only 20% participation, this will be seen as a financial investment only. Mota-Engil exchanges €282,439.8 in cash for €282,439.8 in stocks of AdFigueira S.A. (increase the financial investment account). Interest expenses will increase due to the payment of annual coupon of Euribor 6M + 2% spread.

## Valuation

This analysis will be focused on Mota-Engil's core businesses, Construction, Environment & Services and Transport Concessions. In this sense, the methodology used was the sum-of-parts; computing the value of each business area individually and, finally, adding up these values with the participation at Martifer. This allows us to compute the Enterprise Value and Price per Share. Regarding the Participation of 37.5% on Martifer, consolidated through the equity method, is evaluated individually at €380Mln (Market Capitalization at 11.11.09), which is then multiplied by the participation percentage to compute its contribution to Mota-Engil's price per share. It is also important to notice that Mota-Engil had approximately 195mln outstanding stock in 2008 (from *Relatório e Contas* 2008) and that the contribution of the core areas of Mota-Engil were based on the Discounted Free Cash Flow method and on the Weighted Average Capital Cost method.

When looking to the Construction segment, the largest segment of Mota-Engil, its contribution to the value of the company is of €456.7mln (Sum of Free Cash Flows from the period of 2009 to 2013, which add up to the Enterprise Value). The Environment & Services segment contributes with €293.6mln to the Enterprise Value. Finally, the last core business of Mota-Engil, Transport Concessions represents 67% of Enterprise Value, or €1.814bn.

Adding these figures up with the participation of Mota-Engil at Martifer (Assuming a Market Capitalization of €380mln and, the 37.5% participation), we reach an Enterprise Value of €2.7bn. By subtracting Net Debt for 2009E (€1.665bn), Treasury Equity (€27.5mln) and Minority Interests (€70mln), and dividing the resulting Equity Value (€937mln), we reach a price per share for Mota-Engil of €4.81.

## Next Steps

The first step is to make the proposal to the shareholders of *Águas da Figueira S.A.* with the presented terms. Afterwards, this proposal will be analyzed by the Board of Administration of AdFigueira for a 45 day period. Assuming the Board approves the transaction, and that

shareholders do not exercise their priority right to acquire the shares, the bond emission follows.

At the subscription date of these bonds, the due amount is paid to EFACEC S.A.

## Conclusions

The presented transaction is strategic for two reasons: reinforces Mota-Engil's presence in the water sectors (increase of .4% market share in the water sector), and unites the national players in one municipal concession. Even though this alliance does not create any direct operational or financial synergies, it could foster future consortia during privatization of the water sector with higher negotiation and financial power against Suez Environnement and Veolia Água. In this manner, this transaction represents a catalyst for further expansion of the Group in the water sector.

## Appendices

### Valuation

#### Mota-Engil

Valuation - Mota-Engil (in €mln)		
	Value	WACC
Construction	453.68 €	4.66%
Environment&Services	293.63 €	4.43%
Concessions	1,809.37 €	3.92%
Martifer		
Enterprise Value	2,699.19 €	
Net Debt	1,665.00 €	
Treasury Stock	27.50 €	
Minority Interest	70.00 €	
Equity Value	937.19 €	
Price per share	4,81 €	

Assumed growth rate for Continuation Value: 3%

### Financial Position

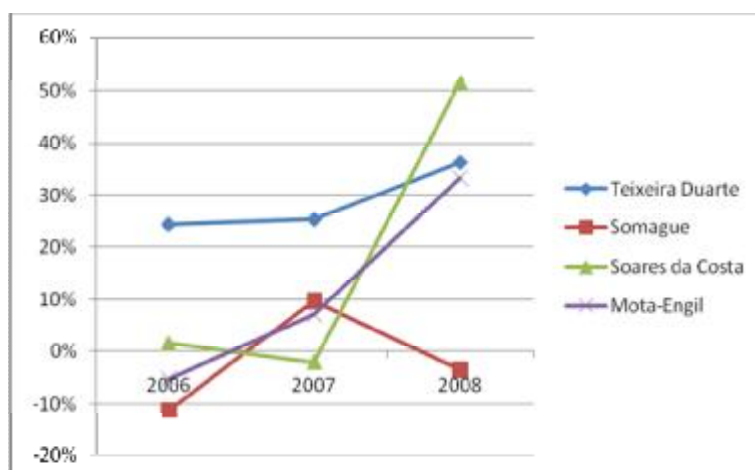
#### Mota-Engil

Financial Situation - Mota-Engil 2006-2008 Indicators			
	2006	2007	2008
EBITDA Margin (Operational Costs/Revenues)	10.41%	17.06%	15.86%
Cash-Flow-to Revenue Ratio (CFO/Revenues)	13.99%	13.76%	11.39%
ROE (Net Income/Revenues)	10.60%	25.21%	8.96%
Current Ratio (Cur.Ass./Cur.Liab.)	1.18	1.16	0.99
Financial Leverage Ratio (Total Debt/Equity)	5.71	8.75	10.86

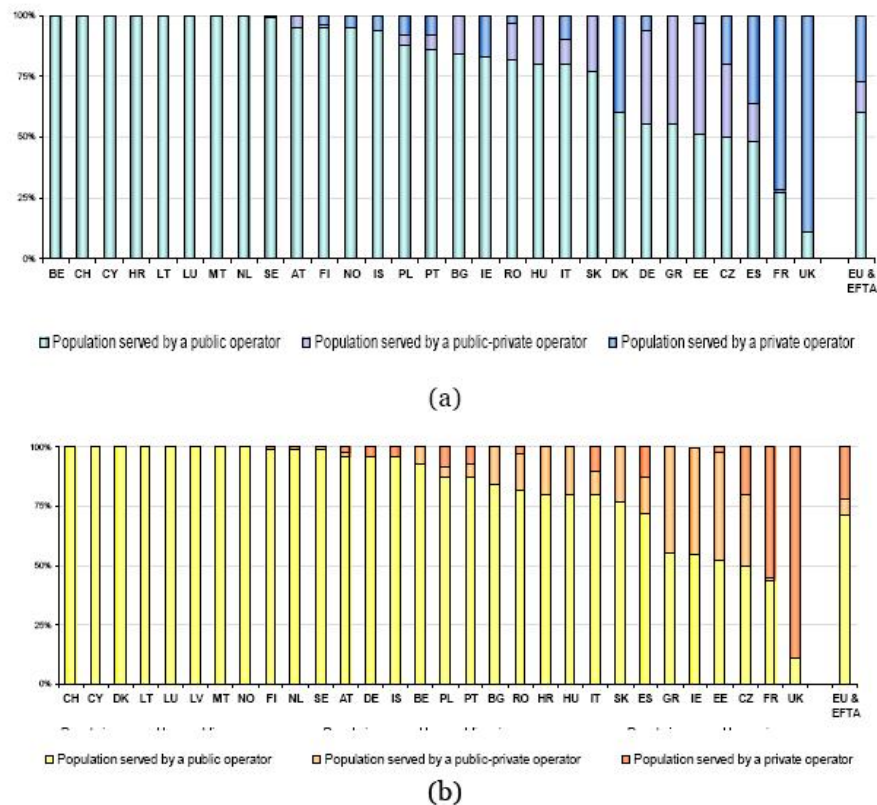
Financial Situation - Comparative Analysis - 2008

	Mota-Engil	Teixeira Duarte	Soares da Costa	Somague	Average
EBITDA Margin (Operational Costs/Revenues)	15.86%	4.22%	10.35%	1.35%	7.95%
Cash-Flow-to Revenue Ratio (CFO/Revenues)	11.39%	4.82%	-1.18%	7.42%	5.62%
ROE (Net Income/Revenues)	8,96%	-	5,91%	5,67%	6.84%
Current Ratio (Cur.Ass./Cur.Liab.)	0.99	0.61	1.05	1.20	0.97
Financial Leverage Ratio (Total Debt/Equity)	10.86	5.23	9.94	6.20	8.06

## Revenue Growth Rates (Mota-Engil peer group)



## Water and Sewage sector in Europe



**Figure 21** Percentage of population served by operators of (a) water (Missing data: SI, LV) and (b) wastewater (Missing data: SI) services ownership in EUREAU member countries. (EUREAU, 2008; IWA, 2006).

Source: EUREAU Statistics Overview on Water and Wastewater in Europe 2008 – Country

Profiles and European Statistics

## Mota-Engil Proforma Financials

## Income Statement

	Income Statement (in €mln)				
	2009	2010	2011	2012	2013
Revenue	2,663.83 €	2,895.65 €	3,165.49 €	3,477.67 €	3,821.12 €
Operational Costs	2,280.78 €	2,491.28 €	2,732.52 €	3,008.08 €	3,311.44 €
EBITDA	383.05 €	404.37 €	432.97 €	469.59 €	509.68 €
Depreciation & Amortization	125.81 €	130.52 €	136.51 €	139.45 €	142.51 €
EBIT	257.24 €	273.85 €	296.46 €	330.14 €	367.16 €
Interest Expenses	119.44 €	116.63 €	113.91 €	111.25 €	108.66 €
EBT	137.80 €	157.22 €	182.55 €	218.89 €	258.50 €
Taxes	33.18 €	37.09 €	42.64 €	51.68 €	61.59 €
Net Income	104.62 €	120.12 €	139.91 €	167.21 €	196.91 €



## Balance Sheet

	Balance Sheet (in €mln)				
	2009	2010	2011	2012	2013
Tangible Assets (not under concession)	740.90 €	831.14 €	973.53 €	1,054.99 €	1,139.39 €
Tangible Assets (under concession)	1,247.00 €	1,186.50 €	1,231.50 €	1,222.00 €	1,211.50 €
Investments (net)	150.00 €	205.00 €	147.00 €	153.00 €	166.00 €
Financial Investments	- €	- €	0.28 €	0.28 €	0.28 €
LT Receivables	106.22 €	111.72 €	119.14 €	128.65 €	139.02 €
Working Capital	250.56 €	275.93 €	304.81 €	337.65 €	373.90 €
Other Assets (rubrica de correção)	(3,77 €)	(16,41 €)	(13,26 €)	9.09 €	51.41 €
Total Assets (sem ajustes)	1,993.63 €	2,106.70 €	2,184.09 €	2,327.64 €	2,479.28 €
Cash	- €	0.30 €	0.02 €	0.02 €	0.02 €
Total Assets	2,510.81 €	2,572.23 €	2,637.27 €	2,709.90 €	2,787.70 €
Provisions	30.00 €	30.00 €	30.00 €	30.00 €	30.00 €
LT Payables	269.95 €	291.19 €	316.84 €	347.48 €	381.23 €
Interest Bearing Debt	1,711.77 €	1,674.32 €	1,637.80 €	1,602.17 €	1,567.41 €
Other Liabilities	- €	- €	- €	- €	- €
Liabilities	2,011.72 €	1,995.51 €	1,984.64 €	1,979.65 €	1,978.65 €
Capital (assuming no capital increases)	341.38 €	446.00 €	566.12 €	706.03 €	873.25 €
Net Income	104.62 €	120.12 €	139.91 €	167.21 €	196.91 €
Minority Interests	60.24 €	60.24 €	60.24 €	60.24 €	60.24 €
Equity	506.24 €	626.36 €	766.27 €	933.48 €	1,130.40 €
Liabilities + Equity	2,517.96 €	2,621.87 €	2,750.91 €	2,913.13 €	3,109.05 €

## Cash Flow Statement

Cash Flow Statement (in €mln)					
	2009	2010	2011	2012	2013
Net Income	104.62 €	120.12 €	139.91 €	167.21 €	196.91 €
Depreciation	125.81 €	130.52 €	136.51 €	139.45 €	142.51 €
CF Operations	230.43 €	250.65 €	276.42 €	306.67 €	339.43 €
Capex	217.91 €	215.26 €	266.19 €	217.41 €	229.41 €
Change in NWC	86.66 €	25.37 €	28.88 €	32.85 €	36.25 €
Other Inv. (Medium & Long Term)	15.20 €	(6.20 €)	(29.51 €)	51.42 €	72.77 €
Changes in Other Liabilities	(70.95 €)	(21,24 €)	(25,66 €)	(30,63 €)	(33,76 €)
CF Investment	248.82 €	213.20 €	239.90 €	271.04 €	304.67 €
Free Cash Flow	(18,39 €)	37.45 €	36.52 €	35.63 €	34.76 €
Change in Equity	0.62 €	- €	- €	- €	- €
Change in Minority Interest	- €	- €	- €	- €	- €
Change in Net Debt	17.77 €	(37.45 €)	(36.52 €)	(35.63 €)	(34.76 €)
CF Financing	18.39 €	(37.45 €)	(36.52 €)	(35.63 €)	(34.76 €)